Alaska Division of Retirement and Benefits Number 104, October 2011

TRS News Break

Alaska Teachers' Retirement System

Deferred Compensation

A Member's Story

Krista Youll
Administrative Assistant
Department of Commerce

When Krista Youll started working for the State of Alaska in 2007, she was 18 and wasn't even thinking about retirement. Her supervisor at the time encouraged her to sign up for the Deferred Compensation Plan and four and a half years later, she is glad that she did. Krista says that signing up for the plan was really easy and she has been able to watch her money grow.

"I enrolled and now everything is taken care of," Krista stated "I could spend more time on dividing out the investments if I want to, but I am comfortable with the way things are going so far." She even encourages her coworkers and other state workers to look into the plan. Krista always knew she would work for the State of Alaska and this plan has helped her feel more secure in her retirement future while working in a job she believes in.

What is the Deferred Compensation Plan?
The Deferred Compensation Plan allows you to voluntarily set aside a portion of your income before it is taxed. The amount set aside, plus any change in value (interest, gains and losses), is payable to you or your beneficiary at a future date. If you are a permanent employee, long-term nonpermanent employee, or elected official of the State of Alaska

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The Retirement Gap:

There is More You Can Do to Prepare for Retirement

Did you know that members participating in the Teachers' Retirement System (TRS) defined benefit plan with 20 year of TRS service receive an annual income of approximately 40% of their average salary at retirement (less with survivor options)? Teachers who work 25 years receive approximately 52% while those who continue to teach for 30 years receive an approximate 65% of their annual income at retirement.

Financial advisors suggest that you have between 85 – 100 % of your present day income at retirement to continue to live your current lifestyle. This leaves a gap of 35 - 60% which will need to be replaced by other savings including employer sponsored deferred savings plans or personal savings.

- "From 1992 to 2004, the percentage of households 55 and older with overall debt grew faster than the rate of the population." (Retirees up against debt. (2007, March 2). USA Today Retrieved from www.usatoday.com.)
- "Those 75 and older packed it on most quickly: The average load for those households with debt shot up 160% to an average of $20,234 during this time, according to research by the Employee Benefit Research Institute, a nonpartisan group that studies economic security." (Retirees up against debt. (2007, March 2). USA Today Retrieved from www.usatoday.com.)
- According to creditcards.com the average credit card debt per household is $15,799.

How can you have a more secure retirement?

1. Start planning now.
2. Talk to a financial advisor.
3. Take advantage of savings opportunities.

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Benefit Fairs Coming to Mat-Su and Fairbanks

Do you wish you knew more about your retirement benefits? Wonder how to choose the right investments options in your defined contribution plans? Attending a Benefit Fair will provide you with the answers to these questions and more.

Benefit Fairs are scheduled for the Mat-Su Valley October 20-22, 2011 and Fairbanks March 29-31, 2012. The Fairs will cover a wide range of topics for all members of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS), from those newly hired to those ready to retire.

Educational opportunities will include seminars on retirement eligibility and pension decisions, AlaskaCare health plans for active employees and retirees, financial education, Social Security and Medicare. For more details about the upcoming Fairs, visit our website at alaska.gov/drb.

Don't face retirement alone. Join us at the Fair!

Benefit Fairs

Matanuska-Susitna Valley Matanuska-Susitna College Campus	Fairbanks Fairbanks Princess Hotel
October 21-22, 2011	March 29-31, 2012

For Benefit Fair schedules and descriptions, check the seminar page on our Web site at alaska.gov/drb. For questions contact Judy Hall by email at judy.hall@alaska.gov or call (800) 821-2251. Fair presentations are on a first-come, first-seated basis.

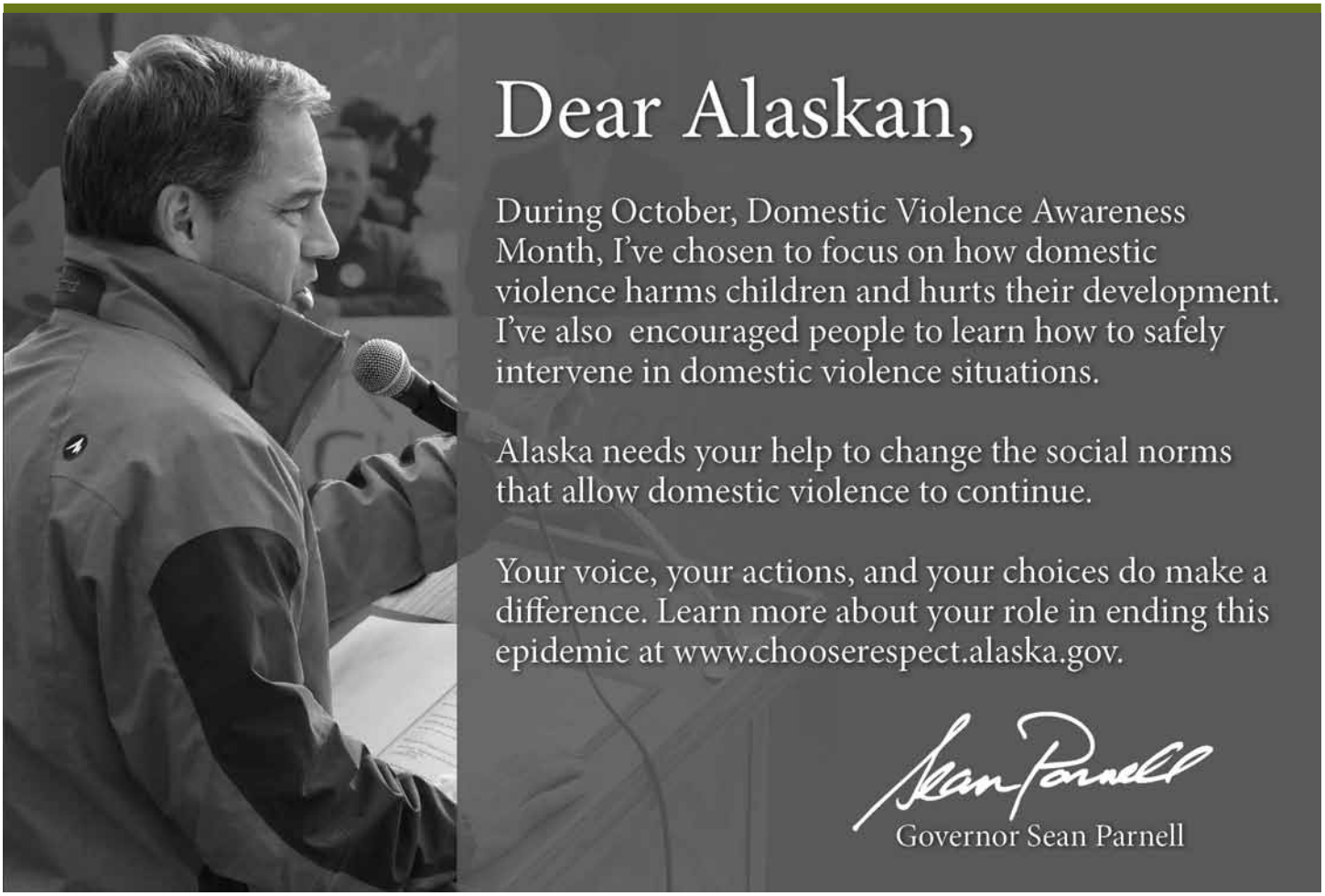
Benefit Education Seminars*

The Retirement Process		Supplemental Benefits System (SBS) and Defined Contribution Plan (DCP)	
Anchorage Robert B. Atwood Building, Room 240		**Anchorage**	
None scheduled, check DRB Web site for updates.		None scheduled, check DRB Web site for updates.	
Fairbanks UAF Rasmuson Library Media Classroom, Room 340		**Fairbanks** DOT/PF Conference Room	
November 8, 2011	5:30 – 7:30 p.m.	October 13, 2011	8:30 – 10:30 a.m.
Juneau State Office Building, 6th Floor Conference Room		**Juneau** State Office Building, 6th Floor Conference Room	
None scheduled, check DRB Web site for updates.		October 13, 2011	1:30 – 3:30 p.m.
		December 15, 2011	1:30 – 3:30 p.m.

*Register for seminars online at alaska.gov/drb or call (800) 821-2251, in Juneau (907) 465-6280. Dates, times, and locations of seminars are subject to change or cancellation, depending on participation.

TRS Annual Statements to Be Mailed in October

TRS Annual Statements will be mailed in late October. The statements and will also be available on the Alaska Division of Retirement and Benefits website at alaska.gov/drb.



Deferred Compensation *(continued from page 1)*

you are eligible to participate.

How can I take part in Deferred Compensation?
If you are a State of Alaska employee, you can enroll online through Great-West Retirement Services. Go to akdrb.gwrs.com using your 4-digit PIN number.

If you are not a State of Alaska employee, contact your human resources office for information regarding deferred compensation or other savings plans offered by your employer.

If you have other questions about the plan or other retirement resources, please contact the Division of Retirement and Benefits customer service center at doa.drb.rcsc@alaska.gov or toll free (800) 821-2251 or if you're in Juneau (907) 465-4460.

Have a tips or ideas about saving for retirement? Please send them to susan.stopher@alaska.gov.

The Retirement Gap *(continued from page 1)*

4. Have a long term savings plan and stick to it; running out of money is the number one fear of retired people.
5. Prepare for medical expenses which are often the most common retirement expense.
6. Do not loan retirement money.
7. Set up a budget by calculating your fixed expenses for possible savings.
8. Look at your debt-to-income ratio and start making adjustments to your monthly expenses.

To calculate your ratio, add up all of your monthly debt payments and divide that total by your monthly income.

What is an acceptable debt-to-income ratio?
36% or less - this is a healthy debt load to carry for most people
37- 42% - not bad - but, start paring debt now before you get in real trouble
43- 49% - financial difficulties are probably imminent unless you take immediate action
50% or more - get professional help to aggressively reduce debt

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The **TRS Newsbreak** is published three times per year by the Division of Retirement and Benefits and applies only to TRS Tiers I & II members.

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Printed on recycled paper

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Alaska Retirement Management Board (ARMB) Meeting

December 1-2, 2011
Anchorage Marriott Downtown Hotel

ARMB meetings are open to the public. Minutes of past meetings and meeting agendas can be found at the ARMB link on the Department of Revenue's website at dor.alaska.gov/treasury/programs. If you have questions, call Judy Hall, ARMB liaison, at (907) 465-3749.

Alaska Division of Retirement and Benefits
TRS
Teachers Retirement System